

Administration

Priority Issues

There was remarkable agreement on the priorities by the Administration group. In our relatively small group there was a high degree of consensus on not only the priority items selected, but also the possible solutions and recommended actions.

- 1. Need more cooperation and coordination between departments**
- 2. Healthcare coverage and cost**
- 3. PERS/TRS- how do we deal with unfunded liability?**
- 4. Need more effective recruitment/retention/diversity within state workforce**
- 5. Reducing agency overhead**

Other Issues discussed:

- Don't sacrifice proactive programs for short-term gain (Training, Wellness, Etc.) they provide long term cost savings and risk mitigation
- Pooled asset management (Building Fund, Fleet Fund, Don't defer maintenance).
- Finding greater balance public employees versus private sector
- Procurement- standardize when possible
- Management expertise in functional areas in which working
- Eliminate unfunded local government fiscal mandates
- Open-minded communication within departments
- Intensive contract/HR training
- Rapid resolution of issues
- Appoint people who put Alaska first
- Subject matter experts at division director level - especially in Administration
- Computer system development management
- Effective training for new hires
- Upgrade finance computer systems - may already be happening

1. Cooperation and coordination between departments

Goals

- Increase cooperation, coordination between departments
- Define clear processes and definitions of responsibilities - departmental and inter-departmental
- Minimize duplicative work
- Minimize response times
- Allow for periodic and scheduled evaluations of processes and results – evaluate changes, continue where progress has been made, and redesign where measurable improvement is lacking.

Executive Summary of Comments

There is a close tie between the need for cooperation and coordination between departments and reducing agency overhead.

There are many state agencies, often with competing priorities and differing stakeholders. Despite this, within the organization as a whole, there are opportunities for streamlining business processes and for greater coordination of services. As an example there may be efficiencies to be gained in purchasing/procurement, IT and data processing, Building Maintenance, and Fleet Maintenance.

In order for this initiative to be successful, the governor must articulate the expectation that this is an administration priority and hold departments accountable for achieving results in this area. Without that support and expectation, this type of work will flounder because it will require agencies to give up authority and oversight in places and require that departments work across lines of responsibility. Work in this area will require change, and organizations are inherently change resistant. Someone from the governor's office should "own" this task.

Recommendations

- Establish evaluation teams for each department and interdepartmental review team
 - Governor establishes task force of department evaluation teams
 - Commissioner will establish individual teams
 - Teams will review definitions of responsibility and process internally
 - Compare with other department teams
 - Report back to respective commissioners
 - Commissioners meet; resolve duplicative responsibilities
 - Establish regular cabinet meetings with agendas
- Department teams evaluate response times
 - Recommend solutions to commissioners
 - Commissioners will, as necessary, modify and adopt recommendations
- Commissioner establish schedule to meet with team for reevaluation of all items
 - Set measurable goals that are analyzed semi-annually.

2. Healthcare coverage and cost

Goals

- Decrease percent of state residents without health insurance
- Hold increase in the cost of healthcare to the rate of inflation in Alaska
- Increase the number of healthcare providers in Alaska

Executive Summary of Comments

The State plays a dual role in the area of affordable health care – there is a leadership role to be played to assure that all Alaskans have access to affordable care, and there is an organizational role to assure that the programs in place for active and retired employees are effective and sustainable in the long run.

The State of Alaska should take an active role in the assuring that affordable health care is available to all Alaskans. In order to achieve this, the state must expand Medicaid and work to assure there are an adequate number of health care professionals working within the state. There are a variety of factors that will make this difficult including potential legislative resistance as well as resistance from existing providers. There is an opportunity to encourage the development of medical educational programs within the state to create professional health care opportunities for our citizens who are more likely to stay in state once they graduate.

The state can also assure that the health care plans it is directly responsible for (active and retired employees) provides good levels of coverage at affordable prices. The state should take an active role in encouraging congress to reconsider the monetary thresholds related to the excise tax for Cadillac health plans. The monetary thresholds do not take into account geographical differentials in the cost of providing care nor the impact of collective bargaining on health care premiums.

Wellness initiatives should be highlighted and incentives should be provided to encourage healthy lifestyle behaviors. Roughly 80% of health care costs are driven by chronic disease (diabetes, heart disease, etc.). Chronic disease is avoided, or significantly mitigated by individual decisions regarding healthy lifestyle choices. The more we focus on those alternatives, the more we work to slow the cost of providing health care. Likewise, disease management programs should be highlighted so that individuals who qualify for those plans are contacted and the state has the highest possibility of managing costs with high end users of their plans.

Please note: There are a variety of specific barriers and actions to overcome barriers listed in the initial report from this committee that might be of use to the individuals working on this issue. We understand the goal to hold health care cost increases to the rate of inflation is extremely aggressive and very difficult to achieve, so this goal should be revisited in the next few years based upon new information.”

Recommendations

- Expansion of Medicaid with federal funds
- Larger percent of population insured
- Cover dependents of public employee retiree to age 26
- Task DOA-retired/benefits, HSS, medical providers, insurance providers to develop a comprehensive program of medical costs containment statewide
 - Require providers to post costs for procedures
 - Incentivize wellness behavior for personal behaviors by reducing co-pays
- Increase incentives to attract a doctors in and other medical professionals
 - Take another look at healthcare liability for medical malpractice
- Work with Alaskans to develop consensus on improvements to Affordable Care Act.

3. PERS/TRS unfunded liability

Goals

- Pay down at the least overall cost
- Pay off as soon as practical; don't push burden onto grandchildren
- Don't shift cost of unfunded liability to local taxpayers

Executive Summary of Comments

The PERS/TRS unfunded liability is one of the most significant monetary issues facing both state and local governments. Steps must be taken to mitigate the size of the unfunded liability that will then allow organizations to focus on other economic priorities. This is an example of proactively dealing with a significant issue as soon as possible to reduce the impact at a later date.

Recommendations

- Pay at minimum an additional \$500 million on PERS/TRS annually
- Pay off by 2031
- Review the actuarial reports by 2016 and develop a plan to minimize or eliminate increased impact on municipalities

4. Need more effective recruitment, retention, and diversity within state workforce

Goals

- Workforce reflects the diversity of the community at all levels
- State has a strategic workforce plan
- An engaged workforce - employees are valued, trained and have a chance to grow professionally and are committed to the public they serve
- The state has a culture of effective performance management
- Wages and benefits packages are legally defensible and attractive to quality candidates and reward employees within the workforce

Executive Summary of Comments

The State should take a comprehensive and proactive look at its workforce and put programs and policies in place to assure that the workforce it retains is positioned to deliver the services required by our citizens. In all areas related to the workforce, it is essential that leadership of the organization “walk the talk.” Failure to do so will negatively impact any workforce initiative. Further, most of the initiatives described below can be accomplished with minimal financial investment, though all of them will require staff time.

It is critical that the State workforce mirror the community it serves. We need qualified, competent, and diverse staff at all levels within the organization. It is important to realize that experience in and of itself should not necessarily trump potential. State hiring managers need training that will assist them in selecting the right people to move the organization forward.

The State is at a critical juncture. Revenues are dropping which will require the downsizing of the state workforce. At the same time, 25% of the state workforce is eligible to retire in the next 5 years. This is a tremendous opportunity if it is dealt with proactively. The state should engage in comprehensive workforce planning so that as individuals leave the system, work is reexamined and new staff is hired where needed and hired with the right set of skills for the future. Of equal concern is the concept of knowledge transfer. Strategies should be put in place to capture relevant institutional knowledge as current state employees leave the system.

The Division of Personnel has tools and resources available to assist with this workforce planning and knowledge transfer processes.

With the overall reduction of the state workforce, it becomes even more critical that the workforce that remains is able to perform to a high standard. The transition team identified four keys to achieving this.

First, assure that managers and supervisors have the skills required for effective performance management. The state should require all managers and supervisor to attend mandatory management and supervisory training designed teach and reinforce these skills. Programs already exist within the state to achieve this.

Second, the state should conduct an employee engagement survey to identify what is working well and what could be working better within the state workforce. There are low cost alternatives to conducting such a survey and the information gathered will assist in creating more functional work environments. Best practices should be followed related to conducting and following through with the survey.

Third, the administration should revisit the recently implemented state space standards. The initiative itself, and the way it was rolled out, have created tension and conflict within the workforce. In some cases, the new standards are positive and fit well with the type of work being performed. In some cases however, there is concern that the standards don't adequately allow for the type of work performed by some employees, specifically those who deal with confidential/sensitive information on a daily basis.

Finally, employees should be held to a high standard of performance and paid fairly. The administration should look at the most recent bill regarding a new defined benefit option for Tier IV employees. There was a strong belief amongst members of the administration transition team that the bill as defined would be no more costly than the current defined contribution option and might result in better recruitment and retention efforts.

Recommendations

- Maintain merit principle in hiring, promoting, and evaluating qualified employees
- Reach out to community agencies, minority groups, tribal organizations, and universities to eliminate barriers to effectively recruit underrepresented groups
- Engage in systemic workforce planning effort to care for system vulnerabilities due to retirements, reductions in funding and changes in work
- Knowledge transfer strategies to capture institutional knowledge that will be lost due to retirements
- Rotate staff to broaden exposure to other functions/areas/constituencies
- Continuous, relevant, mandatory management/supervisory training

- Conduct employee engagement survey - follow through with results
- Review state employee office space standards - include employees in the discussion
- Conduct regular, market-based pay and benefit studies to stay competitive, and implement study if possible
- Reevaluate most recent bill regarding allowing a defined benefit option for tier IV employees

5. Reducing the agency overhead

Goals

- Protecting essential public services
- Consolidation of duplicate or overlapping services
- Significant reductions in administrative costs
- Leaner, more responsive government
- Reduce indirect agency overhead in favor of delivery of services to the public

Executive Summary of Comments

This priority has a close tie to the first priority which is increasing cooperation and coordination between departments.

Each department should define and prioritize the essential services it provides. Non-essential services or services outside the core business area should be identified and possibly eliminated.

Processes should be identified and looked at from start to finish --- searching for opportunities for process improvement and reduction of redundant processes. This is sometimes referred to as process reengineering and may require that individuals are trained on how to do this effectively.

There are places within the system where layers of management have been added to reward long term employees with an additional pay range, or in some cases, positions have been added to create a place for someone who is politically connected. Such positions should be reevaluated and eliminated where there is not a defined need.

In order for this initiative to be successful, the governor must articulate the expectation that this is an administration priority and hold departments accountable for achieving results in this area.

Without that support and expectation, this type of work will flounder because it will require agencies to give up authority and oversight in places and require that departments work across lines of responsibility. Work in this area will require change, and organizations are inherently change resistant. Someone from the governor's office should "own" this task.

Recommendations

- Define and prioritize the central services (Eliminate nonessential services)
- Look at services by identifying processes from beginning to end and identify opportunities for efficiencies - eliminate redundancy
- Search for and eliminate superfluous management/admin position (policy -political)
- Review of agencies to streamline management functions while still delivering the core government functions
- Governor's office sets "not to exceed" target for indirect overhead cost for each department